



## **QUALITY REQUIREMENTS OF CNF PRECISION ENGINEERING SUPPLY CHAIN**

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# Foreword

This manual has been created to assist our suppliers in understanding the purchasing expectations and quality requirements for products supplied to CNF Precision Engineering Limited.

The manual is also a tool assisting in complying with our approvals of the international standards ISO9001, AS 9100 and to develop our supply chain.

Through implementation and adherence to the standards stated herein, CNF Precision Engineering Limited looks forward to mutually beneficial relationship with our suppliers. We recognise that our supply chain is fundamental to our ability to meet our customer requirements therefore we aim to engage with our suppliers through long term agreements that secure partnership.

Our intention is to ensure that our supply chain is aligned to our current and future needs by communicating our values, objectives, future demands and capacity requirements.

Our products must make economic sense to our customers therefore we are committed to drive product costs lower by adopting and deploying lean techniques and ensuring our supply chain do likewise. We will seek out new and innovative production processes and the suppliers that can deliver them.

The intention of CNF Precision Engineering Limited is to work together with our supply chain in line with our philosophy and values.

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# 1. Introduction

## 1.1. Scope

This manual has been developed to communicate the operating principles, general expectations, requirements, and procedures of CNF Precision Engineering Limited. Adherence to the manual is required by all CNF Precision Engineering Limited suppliers, and requirements shall be flown down to sub-tier suppliers. Every purchase shall be subject to this manual. Acceptance of Purchase Order constitutes acceptance and commitment to comply with this manual's content. This manual is provided as a supplement to, and does not replace or alter, any purchase agreements, general purchase conditions or requirements included in applicable engineering drawings, specifications and other contractual documents. This manual describes the minimum requirements, however, system improvements that exceed the requirements specified within this manual are always encouraged.

This manual is supplementary to, and in addition to any Supplier Agreement and is incorporated by way of reference to and in said agreement. Where this manual contains additional requirements or expectation they shall be deemed to be a binding condition on the Supplier as though they were contained within the Supplier Agreement. Where a Supplier fails to meet the requirements of this manual it shall be deemed to be a breach of the Supplier Agreement.

## 1.2. Definitions and acronyms

- a. **Concession** approval for deviation from the released drawing but restricted to a production lot or batch quantity only.
- b. **Production Permit** approval for the supplier to effect changes to a manufactured product, by using an approved deviation from the latest released drawing. This remains in force until the revised drawing is released, the Production Permit will then cease to be in effect.
- c. **Engineering Change** a technical requirement changes such as component dimension, process, material or finish that drives a change to the issue level of a drawing or Bill of Material (BOM).
- d. **PO** Purchase Order
- e. **SQM** Supplier Quality Manual
- f. **CofC** Certificate of Conformity
- g. **QMS** Quality Management System
- h. **EMS** Environmental Management System
- i. **OHSAS** Occupational health and safety management system
- j. **SDS** Safety Data Sheet
- k. **ESD** Electrostatic Discharge
- l. **COSHH** Control of Hazardous Materials and Substances
- m. **REACH** Registration, Evaluation, Authorisation and restriction of Chemicals
- n. **CLP** Classification and Labelling of Chemicals
- o. **SVHCs** Substances of Very High Concern
- p. **ECHA** The European Chemicals Agency
- q. **FAI** First Article Inspection
- r. **FAIR** First Article Inspection Report
- s. **FOD** Foreign Objects Debris
- t. **NADCAP** National Aerospace and Defence Contractors Accreditation Program
- u. **NCR** Non-Conforming Report
- v. **Shall** indicates a requirement
- w. **Should** indicates a recommendation
- x. **CNF** indicates the company name - CNF Precision Engineering Limited

## 2. Supplier Code of Conduct

### 2.1. Legal compliance

**Compliance with laws and regulations:** We require our suppliers to act in full compliance with the Supplier Agreement and accordance with all applicable laws, regulations, statutes and rules in the respective countries in which they operate.

### 2.2. Ethical standards

**Accurate records:** Suppliers must record all business transactions accurately, prudently and transparently, in compliance with applicable accounting standards. Records and trade documentation shall be retained in a comprehensible and up-to-date manner based on the applicable retention requirements.

**Confidential information:** Suppliers must treat CNF's confidential information with special care, protect and safeguard all confidential information provided by CNF and our respective business partners. Suppliers only may use it for the purposes for which it is provided, and ensure that confidential information does not fall into the hands of un-authorised third parties.

**Intellectual property:** Suppliers must observe intellectual property rights and safeguard proprietary information. Transfer of technology and know-how shall be done in a manner that protects intellectual property rights.

**Data protection:** Suppliers must handle personal data in line with the relevant legal standards. The laws passed to protect personal data including General Data Protection Regulation (GDPR) must be strictly observed.

**Bribery and corruption:** Bribery is not acceptable to CNF. We demand that suppliers adhere to anti-bribery and corruption laws and do not engage in any activities which would violate any applicable statute, directives and regulations relating to bribery, kickbacks, corruption, illegal payments and similar prohibited business practices.

**Conflicts of interest:** We expect suppliers to avoid all conflicts of interest or situations giving the appearance of a potential conflict of interest. Suppliers are expected to provide notification to all affected parties if an actual or potential conflict of interest arises.

**Fair competition:** We expect suppliers to conduct their business in line with fair competition and in accordance with all applicable anti-trust laws and competition regulations.

### 2.3. Employment standards

**Child labour avoidance:** Suppliers shall employ workers at least of minimum legal age, and in accordance with applicable laws and regulations in the country of origin and conform to the provisions of the relevant International Labour Organization (ILO) standards. We do not tolerate child labour in our supply chain. Supplier shall maintain documentation of each individual's date of birth or have legitimate means of confirming each individual's age.

**Voluntary employment:** Supplier employs all employees on a voluntary basis and does not use any prison, slave, bonded, forced or indentured labour, or engage in any other forms of compulsory labour, or any other forms of slavery or human trafficking. We require our suppliers to comply with the Modern Slavery Act and flow down applicable requirements to your sub-tier suppliers to ensure that slavery and human trafficking is not taking place in any part of supply chain. Supplier shall inform CNF, and applicable government officials, of any credible information received from any source alleging an employee, subcontractor, subcontractor employee, or agent has engaged in conduct that violates the Modern Slavery Act, along with the actions taken against said employee, subcontractor, subcontractor employee or agent.

**Non-discrimination and fair treatment:** Suppliers must not discriminate against race, colour, sex, sexual orientation, gender reassignment, religion or belief, age, physical disability, political affiliation, or other defining characteristics. Supplier's terms and conditions of employment, including hiring, access to training, working conditions, compensation, benefits, promotions, discipline, termination or retirement, shall be based on the individual's qualifications, performance, skills, and experience.

**Harassment:** Suppliers shall provide their employees with a workplace free of harsh and inhumane treatment, without any sexual abuse, corporal punishment or torture, mental or physical coercion, verbal abuse of employees or any other form of harassment or victimisation. Supplier shall create a work place standard to maintain a means by which employees can openly communicate and share grievances with management, without fear of reprisal, intimidation or harassment.

**Workers accident insurance:** Suppliers shall provide accident insurance to all workers, covering medical treatment for work related accidents and compensation for work related accidents resulting in permanent disability.

**Work hours, wages and benefits:** Working hours shall not exceed the maximum set by the applicable law. Compensation paid to employees shall comply with applicable national wage laws and ensure an adequate standard of living. This includes minimum legal wage, overtime wages, and benefits (required by law). Suppliers are expected to provide their employees with fair and competitive compensation and benefits and pay employees in a timely manner.

## **2.4. Material compliance**

**Conflict Minerals:** Suppliers are expected to ensure that products supplied to CNF do not contain metals derived from minerals or their derivatives originated from conflict regions that directly or indirectly finance or benefit armed groups. Suppliers shall exercise due diligence on the source and chain of custody of these minerals and make their due diligence measures available upon request. The rules reference the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

**Raw materials:** Suppliers are expected to source raw materials with responsible manners and respect for human rights and the environment. Suppliers shall evaluate the data in the test reports and validate the accuracy of test reports when raw material has been defined as an operational risk.

**Counterfeit parts:** Suppliers are expected to prevent the purchase and delivery of counterfeit parts, suspected counterfeit parts and parts from unapproved sources.

## 4. Quality Requirements

### 4.1. Management System

All suppliers are responsible for the development, documentation, implementation, and maintenance of a Quality Management System (QMS) that complies as a minimum with the ISO 9001 or AS 9100.

Suppliers are encouraged to become certified to the Environmental Management System (EMS) according to ISO 14001 or EMAS and Occupational health and safety management system (OHSAS) according to ISO 45001 or equivalent.

Calibration suppliers shall have a quality system that conforms to UKAS Standards at a minimum

Conformity to the above standards shall be independently assessed and evidenced by an accredited (UKAS) third-party certification body.

Suppliers shall work only within the scope of approval and inform CNF of any changes to approvals including lapse or withdrawal.

### 4.2. Suppliers Performance

**Consistent product Quality:** Zero-defect products are required from suppliers to CNF. Any deviation from this will result in rejection and return of the product to the supplier.

**On-time delivery:** CNF requires all Suppliers to provide goods and services on-time in full according to the original acknowledge date as stated in Purchase Order as per General Terms and Conditions of Purchase and individual contracts between CNF and the Supplier. Unauthorised early deliveries, late deliveries, partial deliveries or over shipments are unacceptable.

**Capability and capacity:** Suppliers are expected to have the resources necessary (people, property, facilities, equipment, and materials) to supply the products required to accommodate CNF's production schedule.

### 4.3. Control of sub-tier suppliers

The Supplier is the recipient of the Supplier Agreement and is responsible for meeting all requirements, including work performed by the sub-tier suppliers.

When the Supplier uses sub-tier sources to perform work on products or services scheduled for delivery to CNF, the Supplier shall flow-down to its sub-tier contractors, all relevant quality requirements imposed by this manual and other contractual documents, including all applicable technical requirements, drawings, specifications, PO requirements and regulatory requirements.

CNF reserves the right to specify or approve sub-tier suppliers. This includes but is not limited to process sources (e.g. special process), materials testing services, distributors, and other subcontractors.

The Supplier shall apply appropriate controls to their sub-tier external providers and determine the verification, or other activities, to ensure that requirements are met. This includes but is not limited to inspection of purchased parts upon receipt, inspection and audit at the sub-tier premises, review of the required documentation.



#### **4.4. Personnel awareness and competencies**

The Suppliers shall ensure that all persons, performing work affecting conformity of product, performance or effectiveness of management system, have sufficient competencies (based on appropriate education, training, or experience) to fulfil the work to the required quality level.

The Supplier shall implement competence management (e.g. monitoring of skills, frequent and repetitive trainings, skills matrix). The Supplier shall retain appropriate documented information as evidence of competence.

The Supplier shall ensure that persons doing work under its control are aware of their contribution to product or service conformity, and their contribution to product safety and the importance of ethical behaviour.

#### **4.5. Product safety**

In all instances it is important that Supplier and CNF allocate responsibility for assuring that all performance, endurance, maintenance, safety and warning requirements are met.

The Supplier shall plan, implement, and control the processes needed to assure product safety, which may include, but is not limited to: the assessment of hazards and mitigation of associated risks, the management of safety critical items, the analysis and reporting of occurred events affecting safety, communication of these events and training of personnel.

#### **4.6. Counterfeit parts**

The Supplier shall prevent the purchase of counterfeit parts and parts from unapproved sources, prevent the delivery of counterfeit parts and control parts identified as counterfeit or suspected to be counterfeit.

The Supplier shall notify CNF of any suspected components used in our designs immediately upon discovery, irrespective of whether parts are suspected to be delivered to CNF Precision Engineering Limited or not.

All occurrences shall be investigated, documented and reported as appropriate, to CNF, your supply chain, government reporting organizations (e.g. GIDEP, FAA, CAA), industry supported reporting programs (e.g. ERAI), and criminal investigative or law enforcement authorities.

Confirmed Counterfeit Parts shall not be reintroduced into the supply chain, restocked nor returned to the manufacturer in a stock rotation.

The Supplier shall flow down requirements regarding prevention of counterfeit parts to sub-tier suppliers, assure traceability of parts and components and retain the documented information necessary to enable traceability.

#### **4.7. Raw materials**

The Supplier shall ensure the ability to trace all products manufactured from the same batch of raw material. In those cases where the Supplier elects to use more than one lot of raw material, the Supplier shall ensure, document and furnish positive traceability of each individual product to the raw material certification / test report that represents the raw material from which each of the products was manufactured. Traceability shall be provided by identifying the raw material lot, batch or melt number from the certification / test report.

The Supplier is required evaluate the data in the test reports and verify the correct material type prior to manufacture of the product.

The Supplier shall perform and document periodic validation of the accuracy of test results for raw materials, when raw material has been defined as an operational risk. Raw materials (including metallic materials e.g. forgings and castings and non-metallic materials) supplied to CNF shall include a copy of the material certificate or material test report from a test laboratory.

#### 4.8. Shelf life

Each delivery of age sensitive materials, shall have the expiration date or shelf life clearly labelled on the incoming goods and on the incoming paperwork.

A lot number or batch number shall be identified on C of C and when applicable information of any special handling or storage requirements shall be provided.

Goods shall not be supplied with a shelf life lower than 6 months without prior written consent from CNF.

#### 4.9. Foreign Objects Debris (FOD)

The Supplier should handle parts through production and packing to ensure that product delivered to CNF is controlled in a manner that will prevent FOD from being introduced into the final product.

FOD prevention shall be implemented in all areas as applicable. Parts must be protected from handling damage in all areas, material handling awareness training should be provided to employees.

The Supplier shall ensure that all tooling, fixtures, jigs, test equipment and handling equipment are maintained in a state of cleanliness and repair sufficient to prevent FOD.

The CNF Precision Engineering FOD Policy is available from the buyer and its the suppliers responsibility to ensure they are using the latest revision of the policy.

#### 4.10. Special processes

The Supplier shall establish procedures for controlling special processes including but not limited to: criteria for review and approval of processes, determination of conditions to maintain the approval, approval of facilities and equipment, qualification of persons, monitoring the processes, requirements for documented information to be retained. This includes any processes where deficiencies become apparent only after the product is in use or the service has been delivered or that requires destructive testing to validate, e. g.:

- a. **Chemical Processing** e.g.: anodizing, chemical cleaning, chemical milling, conversion / phosphate coatings, paint / dry film coatings, plating, stripping, surface treatment / passivation, etching.
- b. **Coatings, painting and corrosion protecting** e.g.: thermal spray, diffusion coatings, vapor deposition, stripping of coatings, heat treating of coated parts, dry film lubrication of coated parts, plating of coated parts.
- c. **Composites** e.g.: compression moulding, core processing, liquid resin processing, metal bonding, prepreg / adhesive bonding / resin film infusion.
- d. **Elastomer Seals**
- e. **Heat Treating** e.g.: normalizing, annealing, hardening and tempering, aging, carburizing, nitriding, stress relieving, brazing, hot forming.
- f. **Materials Testing laboratories**
- g. **Non-Destructive Testing** e.g.: liquid penetrant testing, magnetic particle testing, ultrasonic testing, radiographic testing, eddy current testing, digital radiographic testing.
- h. **Sealants** e.g.: adhesion promoters' coatings and coating process peel panels, shear specimens, tensile bars, polyurethanes silicones.
- i. **Welding** e.g.: torch / induction brazing, flash welding, electron beam welding, resistance welding, fusion welding, laser welding, ultrasonic welding, friction welding, percussion stud welding.
- j. **Conventional Machining** e.g.: hole-making, broaching, milling, turning, grinding, edge treatment.
- k. **Nonconventional Machining & Surface Enhancement**

CNF reserves the right to specify when special processes are to be performed by a NADCAP approved Supplier. For special processes that requires NADCAP accreditation, the Supplier shall retain a certificate of conformance verifying the Special Process was performed by a NADCAP-accredited source with each shipment.

For special processes that does not require NADCAP accreditation, process shall be conducted in accordance to the Specification or Standard quoted on the drawing.

#### **4.11. Tooling, machines and measuring equipment**

Equipment and tools used to automate, control, monitor, or measure production processes shall be validated prior to final release for production and maintained and stored in an appropriate manner.

All tooling, equipment and machines shall be properly labelled. The Supplier shall have a process to monitor the condition of tooling, equipment and machines on a regular basis to ensure that items remain serviceable and are maintained in a state of cleanliness and free from FOD. A preventative maintenance plan shall be in place to determine potential high impact or high probability breakdowns, to ensure that equipment remains available to meet CNF delivery requirements.

The Supplier shall control the calibration of all measuring and test equipment against measurement standards traceable to international or national measurement standards (e.g. ISO/IEC 17025 / UKAS).

A register of the monitoring and measuring equipment, including: the equipment type, unique identification, the calibration or verification method, frequency and acceptance criteria shall be maintained.

Certificate or record of calibration shall include the following: equipment type, identification number, calibration date, due date, range of measurement, standards used, measurement results, environmental conditions.

The Supplier shall determine if the validity of previous measurement results has been adversely affected when measuring equipment is found to be unfit for purpose and shall take appropriate action as necessary. The Supplier shall maintain a list of all CNF owned assets under its control.

#### **4.12. Non-deliverable software**

The Supplier shall control non-deliverable software (e.g. CNC programs) related to the manufacturing, design, fabrication, inspection or test of deliverable articles to CNF. Change of programming or updating of software used to control the production of parts manufactured shall be controlled and included in the First Article Inspection.

#### 4.13. Obsolescence

The Supplier should consider the potential consequences of obsolescence (e.g., materials, processes, components, equipment, products), including but not limited to:

**Technical obsolescence:** May occur when a new product or technology supersedes the old, and it becomes preferred to utilise the new technology in place of the old.

**Functional obsolescence:** Items may become functionally obsolete when they do not function in the manner that they did when they were created. This may be due to natural wear, or due to some intervening act. Products which naturally wear out or break down may become obsolete if replacement parts are no longer available, or when the cost of repairs or replacement parts is higher than the cost of a new item.

**Knowledge obsolescence:** Loss of personnel expertise, relevant knowledge and skill-based sets can be a matter of obsolescence. It may be prevented by competence management: monitoring of skills, frequent and repetitive trainings, succession planning, skills matrix.

The Supplier is encouraged to apply proactive and reactive approach concerning obsolescence management:

**Proactive:** Development and implementation of an obsolescence management program.

**Reactive:** React to obsolescence problems as and when they occur.

#### 4.14. Records

The Supplier shall establish a documented procedure to define the controls needed for the identification, storage, protection, retrieval, retention and disposition of records.

Unless otherwise specified by CNF, quality records shall be retained for a minimum period of twenty years from the date of delivery to CNF.

Quality records shall be kept and maintained (and back up in the case of computer records) to be reasonably protected from fire, smoke or water damage to facilitate the traceability of each delivery of goods from its delivery note number, to its C of C, to the manufacturing batch and associated inspection records and to the raw material certificates, delivery notes and identities of your supplier(s) of such raw materials.

Records retained by the Supplier must be complete, legible, identifiable to the corresponding product and stored and maintained in such a way that they are readily retrievable.

The Supplier shall be capable of retrieving and delivering required records to CNF within 5 days of receipt of written notice, or in exceptional cases relating to aerospace investigations within one working day.

Upon expiry of the 20-year term, the Supplier shall offer CNF the opportunity to collect records prior to their destruction or discarding.

#### **4.15. Change management, production permits and concessions**

The supplier shall notify CNF of changes to processes, products, or services, including changes of suppliers or sub-contractors, raw materials or location of manufacture, and obtain CNF approval. The Supplier is required to make your request in writing with the details of the proposed changes at least ninety (90) days before its implementation. No changes will be accepted unless CNF agree to the change in writing.

CNF reserve the right to re-qualify any parts due to any above-mentioned change or failure to notify us in the event of a change. At our request, the Supplier shall provide samples of product produced with the proposed change to test in our manufacturing process prior to shipment of any such product.

The Supplier shall not without our prior consent, assign, transfer or sub-contract the Order or part of the Order (including plating/finishing) to any third party. Where the Supplier uses sub-contractors, the Supplier shall first seek CNF's consent in writing. Notwithstanding CNF's consent, the Supplier is responsible for assessing sub-contractor's competence and for ensuring continued adherence to quality standards and relevant specifications.

The Buyer will ensure a copy of the Concession or Production Permit is provided to the Supplier. In the case of open POs, the Supplier representative will be issued with a list of affected POs. The delivered products shall be inspected in line with any Concession details, including validity period.

The Supplier shall quote the Concession number on delivery documentation, including C of C.

The Supplier is responsible for the timely and effective flow down of any notices, changes, concessions, production permits or any variations to our POs to any sub-tiers.

### **5. Verification and validation Requirements**

#### **5.1. First Article Inspection (FAI)**

Supplier shall use a representative item from the first production run of a new part or assembly to verify that the production processes, production documentation, and tooling are able to produce parts and assemblies that meet requirements. FAI shall provide objective evidence the Supplier's processes can produce compliant product and that associated requirements are understood and incorporated.

Any First Article Inspection (FAI) performed, and any First Article Inspection Report (FAIR) provided to CNF shall meet requirements of AS 9102 (Aerospace First Article Inspection Requirement).

A FAIR is required for each new part produced, change of process or machinery and location of production. FAI shall be repeated when changes occur that invalidate the original results. The Supplier shall perform a full FAI or a partial FAI for affected characteristics, when any of the following occurs:

- a change in the design characteristics affecting fit, form, or function of the part
- a change in manufacturing source, process, inspection method, location of manufacture, tooling, or materials that can potentially affect fit, form, or function
- a change in CNC program or translation to another media that can potentially affect fit, form, or function
- a natural or man-made event, which may adversely affect the manufacturing process
- an implementation of corrective action required to complete a previous FAI
- a lapse in production for two (2) years

Each First Article will be submitted with the supporting FAIR report (compliant to AS 9102) and a C of C. A copy of FAIR must accompany the physical product with a copy emailed to the [quality@cnfengineering.com](mailto:quality@cnfengineering.com). Goods delivered to CNF missing the appropriate delivery documentation, C of C or FAIR, will be quarantined. FAI documentation shall be considered a quality record. The Supplier shall retain the appropriate FAI documentation while the product is being produced and, retain them according to records retention requirements.

## **5.2. Source inspection**

Supplier's products or services may be subject to source inspection by CNF, representatives of CNF's customers, applicable government or regulatory agencies. Source inspection requirements may be a result of the Supplier's quality performance or other mandates. The Supplier shall provide the necessary access, equipment and resources required to effectively accomplish the source inspection, auditing, approvals, checking progress and carrying out or witnessing tests or inspection procedures to CNF or our nominated representatives. Such tests and inspection as we may carry out shall not in any way diminish, affect or impair your obligations. At our request, you will provide test samples for design approval, inspection, verification, or auditing.

## **5.3. Outgoing product inspection**

Prior to delivery of any goods to be provided under the PO, the Supplier shall inspect and test the goods for compliance with the PO and in assessing their fitness for use. The Supplier must implement sufficient controls to ensure that the product to be shipped conforms to CNF's physical, dimensional and visual requirements. These controls may include final inspection and dock audit (component and packaging). CNF shall be deemed to rely on Suppliers' skills and judgement, save where the Goods are manufactured to our supplied Drawings.

Record of the appropriate inspection, to verify adherence with the PO and associated drawings must be kept and the Supplier shall provide certified copies of records of such inspection and tests free of charge.

At our request, the Supplier will provide instructions for product acceptance and information on statistical techniques used during the process for our acceptance.

## **5.4. Sampling plan**

Supplier may use reduced-frequency (sampling) inspection plans only when historical records indicate that a reduction in inspection can be achieved without jeopardising the level of quality.

The Supplier shall ensure that sampling inspection is in accordance with nationally accepted standards and based on recognized statistical principles.

Sampling may not be used to justify the existence of known defectives or discrepancies in a lot.

# **6. Delivery Requirements**

## **6.1. Product release**

The release of products to CNF shall not proceed until the planned arrangements have been satisfactorily completed, unless otherwise approved. Release documentation shall include evidence of conformity with the acceptance criteria and traceability to the person authorising the release.

### **Concessed parts**

The Concession number shall be quoted on the release documentation, and where applicable, the part marked after the method has been agreed. Failure to observe these requirements will result in rejection.

## 6.2. Certificate of Conformity and delivery documentation

The Supplier shall ensure that all documented information required to accompany the products and services are present at delivery.

The Supplier shall provide a printed delivery note clearly stating CNF's PO number, and any special processes applied to the product. The Supplier shall also include a C of C with any goods delivered.

The Certificate of Conformance shall include as a minimum:

**Date:** Date the certificate is created

**Purchase Order No:** CNF's PO number

**Delivery No:** A number uniquely identifying the C of C and cross referring to the relevant delivery note

**Description:** Description of the part

**Part No:** Part Number as set out on our Drawings and/or referenced on our PO

**Issue:** Drawing Issue number as set out in our Drawing and/or referenced on our PO

**Batch No or Date of Manufacturing:** Your internal manufacturing batch number or date of manufacture

**Produced by:** The full name of your legal entity

and a signed statement including the name of the individual who is signing, substantially similar to:

*"I certify for and on behalf of [insert name of your legal entity] that the above articles have been manufactured and inspected in accordance with our quality assurance procedures; and that the materials, processing, production, part marking, control and inspection of the above parts conform in all respects to the relevant drawings."*

Raw materials shall include a copy of the material certificate or material test report from a test laboratory.

Chemical substances and mixtures shall include updated Safety Data Sheet (SDS).

Each First Article will be submitted with the supporting First Article Inspection Report (FAIR) and a C of C as per point 5.1. of this SQM. A re-issue of the FAIR will be required for all series production parts that have not been manufactured for two (2) years following the date of the last manufacture. A copy of FAIR must accompany the physical product with a copy emailed to the [quality@cnfengineering.com](mailto:quality@cnfengineering.com) address.

Goods delivered to CNF missing the appropriate delivery documentation, C of C, FAIR, SDS, Material Certificate will be quarantined and possibly rejected back to the supplier.

## 6.3. Part marking and labelling

All goods shall be indelibly marked or bagged and labelled with the part number, batch number and issue number of the relevant drawing and your manufacturing batch number, unless other stated on the drawing. All part marking, and labelling must be complete and legible. The position of part marking as shown on the relevant drawing or otherwise agreed with CNF.

## 6.4. Packaging and shipping

All parts delivered to CNF shall be correctly packaged according to any agreed packaging specification. When a packaging direction is not provided by the engineering drawings, packaging specifications or PO, the Supplier shall ensure appropriate packaging to prevent damage, contamination, deterioration, corrosion, loss and other risks during transportation and storage that comply with common industry practices.

The Supplier is responsible for the packaging of the goods in a manner that is safe and suitable for damage free transit at no additional cost to CNF unless otherwise specified in the PO or contract.

The Supplier is encouraged to consider the use of environmentally, economically viable and reusable packaging (returnable containers) that is in no way detrimental to the integrity of the products supplied. It is the responsibility of the Supplier to collect returnable packaging.

## **7. Post-delivery Requirements**

### **7.1. Non-conforming product and rejects**

The Supplier shall inform CNF immediately upon discovery of any failure, malfunction or defect in any raw material used in production, product, part, process or article produced and already delivered to CNF and any occurrences of counterfeit or suspected counterfeit parts used. A notification of escape shall be made to CNF and shall be completed in writing, and addressed to the relevant:

- part numbers affected
- delivery dates and batch numbers of product affected
- details of the root cause of the fault
- details of the corrective actions taken by the supplier to rectify the fault.

If CNF identify during the incoming inspection or at any stage of the production process, that goods or services do not comply with the PO or any other conditions of purchase are broken or not complied, CNF will reject the goods or services. In such cases a Non-Conforming Report (NCR) will be sent to the Supplier.

The Supplier is required to arrange for the prompt collection of the rejected goods within five (5) working days of notification. Initial response with initial containment must be completed by the Supplier and returned latest within 72 hours, long-term actions must be defined and reported within seven (14) calendar days unless otherwise agreed. The supplier is expected to implement all necessary actions to close the NCR within thirty (30) calendar days unless otherwise agreed with our Quality Department (quality@cnfengineering.com).

Any rework or repairs to rejected part must be conducted in a controlled manner that assures that the reworked or repaired products meet CNF specifications and requirements. Written instructions should detail the rework or repair. The reworked or repaired goods must be re-inspected prior delivery to CNF, to ensure that corrected product conforms to the requirements.

When a supplier produces a non-conformance that they believe will be acceptable under a concession, this concession request shall be applied for in writing to CNF.

### **7.2. Poor performing suppliers' management**

Poor performing suppliers will need to be managed. All active approved Suppliers, are reviewed for their delivery, compliance and quality performance.

Where parts have been issued to our customer and subsequently do not meet the part requirements for specification, fit or function, these will be recorded via the NCR process.

For repeatable occurrences of missed OTIF or poor product quality, CNF may launch a supplier 8D to establish root cause for failures.

The review of the problem suppliers and the resulting outcome of the improvement plans, will determine the supplier strategy which falls into the following:

**Develop:** develop supplier relationship

**Maintain:** sustain current business levels but do not award new products

**Exit:** exit supplier in a controlled manner and do not use



### **7.3. Cost of poor quality**

CNF reserves the right to charge back to the Supplier expenses incurred as result of a poor supplier quality (late delivery, missing, incorrect, incomplete documentation, dimensional discrepancies, shipping of non-conforming goods etc.). Any expenses generated by scrapped parts, customer or CNF charges, expedited freight etc. are the Supplier's responsibility.

If CNF labour is required for inspection, sorting Suppliers parts or other activities to maintain production, keep it free from defective components or meet customer requirements, CNF reserve the right to charge the supplier at an hourly labour rate. Additionally, CNF reserves the right to recharge delivery fees at Cost + 15% for handling and administration. If a supplier defect causes CNF's finished product to be reworked or scrapped, all charges incurred will be the responsibility of the Supplier. All other related costs will be charged to the Supplier including eventual costs from CNF's customer.

### **7.4. Spares**

During product life cycle period, the Supplier may be involved in providing spare parts to CNF or our customers. The Supplier shall ensure the availability of suitable resources to provide customer support for all the after sales activities and establish a process to ensure, for the defined and agreed product life cycle, the availability of spare parts. Spare parts may be of the same product configuration or coming from alternative solutions which have been developed, validated and qualified.

### **Environmental, Health and Safety Requirements**

Suppliers shall ensure that the working conditions and environment are controlled as appropriate in respect to cleanliness, temperature, humidity, ventilation, lighting, space, noise, air pollution and protection from Electrostatic Discharge (ESD) where necessary.

Suppliers shall comply with relevant health and safety and environmental legislation, including requirements of REACH and CLP and apply special conditions for control of hazardous materials and substances (COSHH).

Suppliers shall not deliver to CNF products containing substances listed in Restricted Substance List on REACH annex XVII and shall provide a declaration of use Substances of Very High Concern (SVHCs) listed in Candidate List on ECHA (The European Chemicals Agency).

Suppliers providing CNF with chemical substances and mixtures are required to deliver updated Safety Data Sheet (SDS) in accordance with regulatory requirements.

Suppliers are recommended to establish an OHSAS (e.g. ISO 45001) and EMS (e.g. ISO 14001) as per clause 4.1. of this Supplier Quality Manual.

Suppliers shall ensure that all persons, performing work under suppliers' control are aware of adequate environmental and health and safety responsibilities and requirements.

## 8. Contingency plans and business continuity

Suppliers shall have a business continuity plan which would allow for the safeguarding, storage and recovery of engineering drawings, electronic media, and production tooling in the event of damage or loss.

Supplier shall prepare and implement contingency plans ensuring the continued flow of material to CNF is secured in the events of an emergency, such as: significant utility interruptions, interruptions in the supply chain, key equipment failure, labour shortages and field returns.

Contingency plans should take into account the output of the resource analysis and include as appropriate succession plan e.g. a deputy list.

It is recommended to periodically validate and test and regularly reviewed and improve contingency plans.

## 9. Compliance monitoring

To monitor supplier's compliance with CNF requirements included in this manual, we will carry out due diligence and audits of our supply chain. CNF reserves the right to conduct announced and unannounced onsite independent third-party audits of supplier's facilities, operations, books, and records and conduct confidential worker interviews in connection with such audits.

You will grant a right of access at all reasonable times for the purpose of auditing, approvals, checking progress and carrying out or witnessing tests and / or inspection procedures to us and to our nominated representatives. You agree to allow and to cooperate with our reasonable requests to conduct audit and to obtain similar rights of access to any sub-contractors or sub-tier suppliers.

Upon receipt of any unsatisfactory audit results and supplier's failure to implement recommended corrective actions, CNF reserves the right to suspend any purchases from supplier until corrective actions are implemented, or to terminate its relationship with supplier.

## 10. Associated documents

Associated documents are available on request from CNF Precision Engineering Limited Buyers or via our website:

- General Terms and Conditions of Purchase
- Business Ethics Policy
- Counterfeit Parts Policy
- Anti-Bribery Policy
- Child Labour Policy
- Privacy Policy
- CNF FOD Policy

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